REMARKS

In the Office Action, claims 13-19, 22-24, and 26-40 have been rejected as being obvious based on a proposed combination of Farr and Jones. Claims 15 and 17 have been rejected as being obvious based on the proposed combination of Farr, Jones, and an article entitled "FSA forgoes conventional wisdom in characterizing a remarketing payment under a callable/puttable bond" by Jo Lynn Ricks and Thomas J. Kelly, *The Tax Advisor*. New York: March 2002. Claim 20 has been rejected as being obvious based on the proposed combination of Farr, Jones, FSA, and an article in *The Journal of Business*. Claim 21 has been rejected as being obvious based on the proposed combination of Farr, Jones, FSA, and an IRS document, Rev. Rule 2003-97: page 2. Of the pending claims, claims 13, 32, 36, 38-40 are independent. Applicant traverses the rejections as follows.

Independent claims 13 and 38 recite that the remarketable security is remarketed at the remarketing time with a different denomination than the remarketable security had at issuance. That is, the issuance denomination of the remarketable security is different from the remarketing denomination of the remarketable security. For example, the present application discloses that the issuance denomination may be $25 par value and the remarketing denomination may be $1000 par value. *See* ¶[0034]. The Office admits that Farr does not disclose a remarketable security with "a remarketing denomination different from the issue denomination," but the Office asserts that claim 12 and paragraph [0111] of Jones discloses this feature. Office Action at pg. 3. Claim 12 of Jones does not disclose a remarketing denomination different from a issue denomination, and paragraph [0111] of Jones deals with the *interest rate* of the remarketable security – not the *denomination*. The interest rate is the rate of interest that the issuer on the securities pays to the holders of the securities. The denomination, on the other hand, is the face

or par value of the security – not the interest rate. The cited portion of Jones simply discloses an interest rate on the debt that may be reset such that the debt can be remarketed.

Accordingly, Jones does not disclose a remarketing security with "a remarketing denomination different from the issue denomination," as recited in claims 13 and 38. This feature of claims 13 and 38 is simply not disclosed in Jones, as asserted by the Office. For at least this reason, applicants submit that claims 13 and 38 are nonobvious in view of the cited references. Furthermore, applicants submit that claims depending from claims 13 and 38 are nonobvious at least by virtue of their dependence upon a nonobvious base claim. *See* MPEP § 2143.03. Therefore, applicants request withdrawal of the § 103 rejections with regards to claims 13-24, 26-31, and 38.

Independent claims 32 and 39 recite that the remarketable security has an issue coupon frequency that is different than the remarketing coupon frequency. That is, the issue coupon frequency of the remarketable security is different from the remarketing coupon frequency of the remarketable security. For example, the present application discloses that the issue coupon frequency may be quarterly and the remarketing coupon frequency may be semi-annual. *See* ¶[0035]. The Office admits that Farr does not disclose a remarketable security with "a remarketing coupon frequency different from an issue coupon frequency," but the Office asserts that paragraph [0091] of Jones discloses this feature. Office Action at pg. 8. Paragraph [0091] of Jones does not disclose a remarketing coupon frequency different from an issue coupon frequency, in fact, paragraph [0091] of Jones discloses two separate examples of a security with a single coupon frequency, not a remarketable security with a different coupon frequency. The cited portion of Jones simply discloses a security with a coupon frequency.

Clearly, Jones does not disclose a remarketing security with "a remarketing coupon frequency different from an issue coupon frequency," as recited in claims 32 and 39. This

feature of claims 32 and 39 is simply not disclosed in Jones, as asserted by the Office. For at least this reason, applicants submit that claims 32 and 39 are nonobvious in view of the cited references. Furthermore, applicants submit that claims depending from claims 32 and 39 are nonobvious at least by virtue of their dependence upon a nonobvious base claim. *See* MPEP § 2143.03. Therefore, applicants request withdrawal of the § 103 rejections with regards to claims 32-35 and 39.

Independent claims 36 and 40 recite that the remarketable security does not have a previously available interest rate deferral option to the issuer at the remarketing time. That is, the remarketable security has an interest rate deferral option as issuance, but to make the remarketable security attractive to debt investors, the remarketable security is enhanced to not include the previously available interest rate deferral option for the issuer. *See* ¶¶[0025], [0036], [0040]. The Office admits that Farr does not disclose "offering, at a remarketing time, the remarketable security to one or more new investors without the issuer interest rate deferral option," but the Office asserts that paragraphs [0111] and [0114] of Jones disclose this feature. Office Action at pgs. 10-11.

Paragraphs [0011] and [0114] of Jones do not disclose offering, at a remarketing time, the remarketable security without the previously available issuer interest rate deferral option. Paragraph [0111] of Jones discloses remarketing a security in connection with an acceleration event and interest rates involved in the remarketing, but does not disclose any interest rate deferral options. Paragraph [0114] of Jones discloses the separability of the debt and warrant, but does not disclose any interest rate deferral options. As the cited portions of Jones do not disclose an interest rate deferral option, the cited portion of Jones cannot disclose offering, at a remarketing time, the remarketable security without the previously available issuer interest rate deferral option.

Thus, Jones does not disclose offering, at a remarketing time, the remarketable security without the previously available issuer interest rate deferral option, as recited in claims 36 and 40. This feature of claims 36 and 40 is simply not disclosed in Jones, as asserted by the Office. For at least this reason, applicants submit that claims 36 and 40 are nonobvious in view of the cited references. Furthermore, applicants submit that claims depending from claims 36 and 40 are nonobvious at least by virtue of their dependence upon a nonobvious base claim. *See* MPEP § 2143.03. Therefore, applicants request withdrawal of the § 103 rejections with regards to claims 36-37 and 40.

Dependent claims 14, 33, and 37 recite that the remarketable security does not have subordination to the senior debt of the issuer at the remarketing time. That is, to make the remarketable security attractive to debt investors, the remarketable security does not have subordination to the senior debt of the issuer at the remarketing time. *See* ¶¶[0034]. The Office asserts that column 2, lines 30-33 of Farr discloses that "the remarketable does not have subordination to senior debt of the issuer." Office Action at pg. 5. Column 2, lines 30-33 of Farr recites that "[b]ecause the fixed income instrument has a five-year maturity date, it will remain outstanding for another two years, wherein at year 5 the issuer pays the second investors $100 to satisfy the fixed income instrument." This, however, is immaterial to a remarketable security that does not have subordination to the senior debt of the issuer at the remarketing time, as recited in claims 14, 33, and 37. This feature of claims 14, 33, and 37 is simply not disclosed in Farr, as asserted by the Office. For at least this reason, applicants submit that claims 14, 33, and 37 are nonobvious in view of the cited references. Therefore, applicants request withdrawal of the § 103 rejections with regards to claims 14, 33, and 37.

CONCLUSION

Applicants respectfully submit that all of the claims presented in the present application, as either amended or initially presented in this response, are in condition for allowance. Applicants' present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to address specifically all such assertions and statements in subsequent responses.

Applicants do not concede the correctness of the Office Action's rejection with respect to any of the dependent claims discussed above. Accordingly, Applicants hereby reserve the right to make additional arguments as may be necessary to distinguish further the dependent claims from the cited references, taken alone or in combination, based on additional features contained in the dependent claims that were not discussed above. A detailed discussion of these differences is believed to be unnecessary at this time in view of the basic differences in the independent claims pointed out above.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,

Date: FEB. 17, 2010

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